

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2020



EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
June 30, 2020

BOARD OF DIRECTORS

<u>Position</u>	<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
1	Tom Moffett 32250 Fox Hollow Road Eugene, Oregon	Vice President	June 30, 2021
2	Steve Newcomb 84593 Murdock Road Eugene, Oregon	Director	June 30, 2021
3	Ron Apling 85201 Christensen Road Eugene, Oregon	President	June 30, 2023
4	Nancy Halter 32245 Fox Hollow Road Eugene, Oregon	Treasurer	June 30, 2023
5	Corlies Delf 4748 Blanton Road Eugene, Oregon	Secretary	June 30, 2023

ADMINISTRATION

Registered Agent

Ron Apling

Registered Office

85201 Christensen Road
Eugene, Oregon 97405

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eugene Rural Fire Protection District No. 1
Lane County, Oregon

We have audited the accompanying cash basis financial statements of the governmental activities and the general fund of Eugene Rural Fire Protection District No. 1 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the general fund of Eugene Rural Fire Protection District No. 1 as of June 30, 2020, and the respective changes in cash basis financial position and cash basis budgetary comparisons for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.


Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 21, 2020 on our consideration of the Eugene Rural Fire Protection District No. 1's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

By: 
Sara Hummel, CPA
Partner

Eugene, Oregon
December 21, 2020

Basic Financial Statements

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET (CASH BASIS)
June 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and investments	\$ 424,788	\$ -	\$ 424,788
Property taxes receivable	<u>19,045</u>	<u>-</u>	<u>19,045</u>
Total assets	<u>443,833</u>	<u>-</u>	<u>443,833</u>
Liabilities, deferred inflows of resources, and fund balance/net position			
Deferred inflows of resources:			
Unavailable property tax revenue	<u>19,045</u>	<u>-</u>	<u>19,045</u>
Fund balance and net position:			
Fund balance:			
Unassigned	<u>\$ 424,788</u>	<u>(424,788)</u>	<u>-</u>
Net position:			
Unrestricted		<u>\$ 424,788</u>	<u>\$ 424,788</u>

The accompanying notes are an integral part of these statements.

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CASH BASIS)
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes - current year	\$ 389,031	\$ -	\$ 389,031
Taxes - prior years	8,181	-	8,181
Interest on investments	12,104	-	12,104
Other income	<u>100</u>	<u>-</u>	<u>100</u>
 Total revenues	 <u>409,416</u>	 <u>-</u>	 <u>409,416</u>
Expenditures			
Materials and services:			
Fire protection contract	366,531	-	366,531
Legal	-	-	-
Audit and filing fees	6,050	-	6,050
Office supplies	608	-	608
Memberships	135	-	135
Elections	198	-	198
Miscellaneous	354	-	354
Budget publication	-	-	-
Budget preparation	1,100	-	1,100
Liability insurance	1,178	-	1,178
Address markers	-	-	-
Conferences	-	-	-
Newsletter	<u>24</u>	<u>-</u>	<u>24</u>
 Total expenditures	 <u>376,178</u>	 <u>-</u>	 <u>376,178</u>
 Excess of revenues over expenditures	 33,238	 -	 33,238
 Fund balance and net position, beginning of year	 <u>391,550</u>	 <u>-</u>	 <u>391,550</u>
 Fund balance and net position, end of year	 <u>\$ 424,788</u>	 <u>\$ -</u>	 <u>\$ 424,788</u>

The accompanying notes are an integral part of these statements.

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Taxes - current year	\$ 340,000	\$ 340,000	\$ 389,031	\$ 49,031
Taxes - prior years	6,500	6,500	8,181	1,681
Interest on investments	5,000	5,000	12,104	7,104
Other income	<u>100</u>	<u>100</u>	<u>100</u>	<u>-</u>
 Total revenues	 <u>351,600</u>	 <u>351,600</u>	 <u>409,416</u>	 <u>57,816</u>
Expenditures				
Materials and services:				
Fire protection contract	350,000	350,000	366,531	16,531
Legal	1,000	1,000	-	(1,000)
Audit and filing fees	6,500	6,500	6,050	(450)
Office supplies	1,000	1,000	608	(392)
Memberships	800	800	135	(665)
Elections	600	600	198	(402)
Miscellaneous	5,000	5,000	354	(4,646)
Budget publication	700	700	-	(700)
Budget preparation	2,500	2,500	1,100	(1,400)
Liability insurance	2,000	2,000	1,178	(822)
Address markers	500	500	-	(500)
Conferences	3,000	3,000	-	(3,000)
Newsletter	<u>1,000</u>	<u>1,000</u>	<u>24</u>	<u>(976)</u>
 Total materials and services	 374,600	 374,600	 376,178	 1,578
 Contingency	 <u>50,000</u>	 <u>50,000</u>	 <u>-</u>	 <u>(50,000)</u>
 Total expenditures	 <u>424,600</u>	 <u>424,600</u>	 <u>376,178</u>	 <u>(48,422)</u>
 Excess (deficiency) of revenues over expenditures	 (73,000)	 (73,000)	 33,238	 106,238
 Fund balance, beginning of year	 <u>320,336</u>	 <u>320,336</u>	 <u>391,550</u>	 <u>71,214</u>
 Fund balance, end of year	 <u>\$ 247,336</u>	 <u>\$ 247,336</u>	 <u>\$ 424,788</u>	 <u>\$ 177,452</u>

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity

Eugene Rural Fire Protection District No. 1 (the District) is located in Lane County, Oregon. The District was organized to provide fire protection and emergency services for its constituents. As the District does not maintain its own firefighting equipment or personnel, it contracts with the city of Eugene to provide such protection on a year-by-year basis.

Eugene Rural Fire Protection District No. 1 is a political subdivision of the state of Oregon. The reporting entity consists of the primary government, any organization for which the primary government is financially accountable, and any other organizations that, because of the nature and significance of their relationship with the primary government, may not be excluded from the financial reporting entity. The District is governed by an independently elected Board of Directors and is legally separate from all other entities. It is also financially independent of other state and local governmental units. It has the power to levy taxes, is responsible for its debts and is entitled to any surpluses. Based on these criteria, the District is not a component unit of another entity, nor is any other entity required to be included in the financial statements of the District.

Basis of Accounting

The financial statements have been prepared on the cash basis of accounting, whereby revenue is recognized when received and expenditures are recognized when paid. Although not in conformity with accounting principles generally accepted in the United States of America, this is permissible under the laws of the state of Oregon.

The cash basis differs from the modified accrual basis as prescribed by accounting principles generally accepted in the United States of America for governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures, with certain exceptions, are recognized when the related liability is incurred.

The cash basis also differs from the accrual basis as prescribed by accounting principles generally accepted in the United States of America for the government-wide financial statements. The major differences between the modified accrual basis and the accrual basis relate to capital outlay and debt service. Under the modified accrual basis, capital outlays are recognized when the assets are purchased and depreciation is not recorded. Also, proceeds of long-term borrowing are recognized as an "other financing source" and principal repayments are considered expenditures when paid.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position (cash basis) and the statement of activities (cash basis)) report information on all of the activities of the District in one column. In addition, the statement of activities (cash basis) demonstrates the degree to which expenditures are offset by program revenues. Items not properly included among program revenues are reported as general revenues.

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Government-wide and Fund Financial Statements, continued

The fund financial statements (i.e. the balance sheet (cash basis) and the statement of revenues, expenditures, and changes in fund balance (cash basis)), report information on the general fund (the District's only fund). The major source of revenue is property taxes. Expenditures are incurred primarily for fire protection under a contract with the city of Eugene. The District has no capital assets or long-term debt; therefore, no differences exist between net position in the government-wide financial statements and fund balance in the governmental fund financial statements. Also, revenues and expenditures in the statement of activities are the same as in the statement of revenue, expenditures, and changes in fund balance because both are on the cash basis.

Property Taxes Receivable

Previously levied uncollected property taxes are not recorded as revenue until received, but are shown as a receivable for informational purposes and offset by deferred revenue in the liability section of the statement of net position and governmental fund balance sheet (cash basis).

Property Taxes

The assessment date for all types of property in Oregon is January 1. Property taxes attach as an enforceable lien on July 1. Taxes are payable in three installments on November 15, February 15, and May 15, with a 3 percent discount offered for full payment by November 15. Lane County bills and collects the taxes on behalf of the District.

Budget and Appropriations

The District prepares its budget on the cash basis. Appropriations are then adopted by resolution of the Board of Directors under the broad classification of "materials and services." Expenditures may not legally exceed this level. More detailed classifications of expenditure appropriations are adopted for administrative control purposes and are shown on the statement of revenues, expenditures, and changes in fund balance - budget and actual (cash basis).

Appropriation changes may be approved by the Board of Directors if unforeseen circumstances occur subsequent to the adoption of the budget. No such appropriation changes were authorized during the current year. Appropriations lapse at year end.

2. Cash and Investments

At June 30, 2020, cash and investments consisted of the following:

Deposits at financial institutions	\$ 5,880
Local Government Investment Pool	<u>418,908</u>
Total cash and investments	<u>\$ 424,788</u>

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments, continued

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Demand deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. Oregon Revised Statutes (ORS) Chapter 295, requires deposits in excess of insured limits be deposited with depositories that participate in a multiple financial institution collateral pool administered by the Oregon State Treasury (OST). Each participating depository must provide collateral, generally equal to 10 percent of its uninsured public funds deposits. The OST is responsible for monitoring compliance with the collateralization and reporting requirements of ORS 295 and notifying local governments of compliance by financial institutions. No specific collateral can be identified as security for any one public depositor; however, all pool collateral is potentially available if a participating depository is unable to satisfy claims. During the year ended June 30, 2020, uninsured deposits, if any, were at a financial institution that was participating in the pool; therefore, the District was in compliance with the collateral requirements of Oregon law. At June 30, 2020, total deposits per banks statements were \$5,880 and were fully insured.

Investments

Although the District does not have a formal investment policy, it follows state statutes and regulations. ORS 294.035 authorizes the District to invest in general obligations of the U.S. government and its agencies, bankers' acceptances, commercial paper rated A-2 or better by Standard & Poor's Corporation or P-2 or better by Moody's Investors Service, and the State of Oregon Local Government Investment Pool (LGIP), among others.

The District's only investments at June 30, 2020, were funds deposited with the State of Oregon LGIP, which is part of the Oregon Short-term Fund (OSTF). The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. The District's investment in the LGIP is carried at cost, which approximates fair value. The state of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (the Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the OST. The OST's investments in short-term securities are limited by the portfolio rules established by the OSTF Board and the Council. In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the state of Oregon's name.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, the District only invests in the LGIP. The LGIP has rules that require at least 50 percent of its investments to mature within 93 days, not more than 25 percent may mature or reset in over a year, and all other investments must mature in no more than three years. At June 30, 2020, the LGIP's investments in these categories were 59.95 percent, 17.98 percent, and 22.82 percent, respectively.

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS

2. Cash and Investments, continued

Investments, continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The LGIP is not rated for credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of an investment or collateral securities in the possession of an outside party. Since the District's investment in the LGIP is not evidenced by securities that exist in physical or book entry form, the District is not exposed to custodial credit risk.

3. Related Party Transactions

The District periodically reimburses members of the Board of Directors for expenses incurred on behalf of the District. For the year ended June 30, 2020, payments to board members totaled \$16.

4. Commitments

The District renewed its contract with the city of Eugene for fire and emergency services effective July 1, 2017 through June 30, 2022. For the year ending June 30, 2021, the contract requires payments of \$366,531. This represents a rate of \$2.2783 per \$1,000 of assessed valuation on property in the Eugene service area. The contract amount in subsequent years is based on an allocation of the costs of service to all participating jurisdictions based on each jurisdiction's percentage of the assessed property values in the covered areas.

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District purchases and carries commercial insurance, subject to customary deductibles and total coverage limits recommended by the District's insurance agent of record. Insurance coverage for the year ended June 30, 2020, was the same as or greater than in prior years. No losses were incurred during the years ended June 30, 2018, 2019, or 2020.

6. Subsequent Events

Management evaluates events and transactions that occur after the statement of net position and governmental fund balance sheet (cash basis) date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

The COVID-19 virus outbreak in the United States has resulted in significant economic uncertainties. As of the date of the independent auditor's report, management has not yet experienced any disruption in its operations as a result of this health crisis, nor does it currently expect any significant disruption in the future. However, a prolonged crisis could change those circumstances and might result in a negative financial impact to the District. The likelihood and extent of any such financial impact cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

EUGENE RURAL FIRE PROTECTION DISTRICT NO. 1
 SCHEDULE OF PROPERTY TAX COLLECTIONS AND TAXES RECEIVABLE
 For the Year Ended June 30, 2020

Tax Year	Beginning Taxes Receivable and 19-20 Levy	Less Collections	Less Discount	Adjustments	Ending Taxes Receivable
2019-20	\$ 409,293	\$ 389,569	\$ 10,911	\$ (1,031)	\$ 7,782
2018-19	6,877	3,108	(12)	(426)	3,355
2017-18	3,120	1,215	(2)	(125)	1,782
2016-17	1,824	1,005	(1)	(60)	760
2015-16	874	584	-	(15)	275
2014-15	269	113	-	(7)	149
2013-14	156	44	-	(6)	106
Prior years	5,322	238	-	(248)	4,836
	\$ 427,735	395,876	\$ 10,896	\$ (1,918)	\$ 19,045
Interest on delinquent accounts		1,445			
In lieu of tax - cooperatives		429			
Other adjustments		(538)			
Total tax collections		\$ 397,212			
Allocated as follows:					
Taxes - current year		\$ 389,031			
Taxes - prior year		8,181			
		\$ 397,212			

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of Directors
Eugene Rural Fire Protection District No. 1
Lane County, Oregon

We have audited the basic financial statements (cash basis) of Eugene Rural Fire Protection District No. 1 (the District) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 21, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures necessary to address the required comments and disclosures which included, but were not limited to, the following:


- Deposit of public funds (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- The preparation, adoption, and execution of annual budgets (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our procedures nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

This report is intended solely for the information and use of the Board of Directors of Eugene Rural Fire Protection District No. 1 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

By: 
Sara Hummel, CPA
Partner

Eugene, Oregon
December 21, 2020